



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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1 FEBRUARY 1965

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DAILY BRIEF
1 FEBRUARY 1965

1. South Vietnam

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The Vietnamese New Year holidays will last most of this week and may slow down political wrangling. The Viet Cong cease-fire appears to be in effect, and military activity has dropped following a brief, pre-holiday upsurge.

2. Laos

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The Communists are increasing their military activity. They have resumed operations in the Thakhek area in central Laos and have forced Meo guerrilla units out of their positions near Muong Sai. They are also maintaining pressure on the Meo near Sam Neua. (See map.)

3. Sudan

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4. North Vietnam

Moscow's decision to send Premier Kosygin to North Vietnam underscores both its desire to regain influence in Hanoi at Peiping's expense and its concern over the possibility of escalation in the Indochina conflict. Kosygin's delegation will probably arrange for a substantial increase in economic and military aid to North Vietnam. A discussion comprises Annex 1.

5. USSR

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6. France-Germany

Bonn is now seeking ways to implement the De Gaulle-Erhard agreement at their 19-20 January talks to seek new Western meetings on German reunification, possibly initially among the ambassadors in Washington. De Gaulle is slated for one of his semi-annual press "conferences" on 4 February and may indicate then whether or not the meeting of the two leaders is to have a real impact on European affairs. Erhard and De Gaulle, without major concessions on either side, did manage to bring about a temporary aura of good-feeling between Bonn and Paris.

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SELECTED SOVIET OFFICIAL DATA ON ECONOMIC PERFORMANCE
Percent of Increase (or Decrease) Compared with Preceding Year

	1963	1964	Previous * Data (if different)	Planned Rate ** of Increase for 1964
GROSS SOCIAL PRODUCTION	5	7		NA
NATIONAL INCOME	NA	7+	5	7.7
INDUSTRIAL PRODUCTION	8.5	7.1	7.8	6.7
AGRICULTURAL PRODUCTION	NA	12		NA
STATE PLANNED INVESTMENT	6	8	6.8	10.8
NEW FIXED CAPITAL	8	6	7.4	5.9
LABOR PRODUCTIVITY IN INDUSTRY	6	4		4.6
CHEMICAL INDUSTRY	16	15		16.6
METALLURGICAL INDUSTRY	9	8		NA
FUELS INDUSTRY	10	7		NA
LIGHT INDUSTRY	2	3		NA
FOOD INDUSTRY	5	2		NA
MACHINE BUILDING and METAL WORKING	13	9		NA
ELECTRICITY	12	11		9.7
STEEL	5	6		4.7
FERTILIZER	15	28		28
SYNTHETIC FIBERS	11	17		17
OIL	11	9		7.7
CHEMICAL EQUIPMENT	9	19		24.5
AGRICULTURAL MACHINERY	17	1		NA
HOUSING	-4	-3	-5	0
TELEVISION SETS	14	18		NA
REFRIGERATORS	9	25		NA
WASHING MACHINES	27	25		NA

* Data in this column are from Premier Kosygin's 9 December 1964 report on the Economic Plan for 1965.

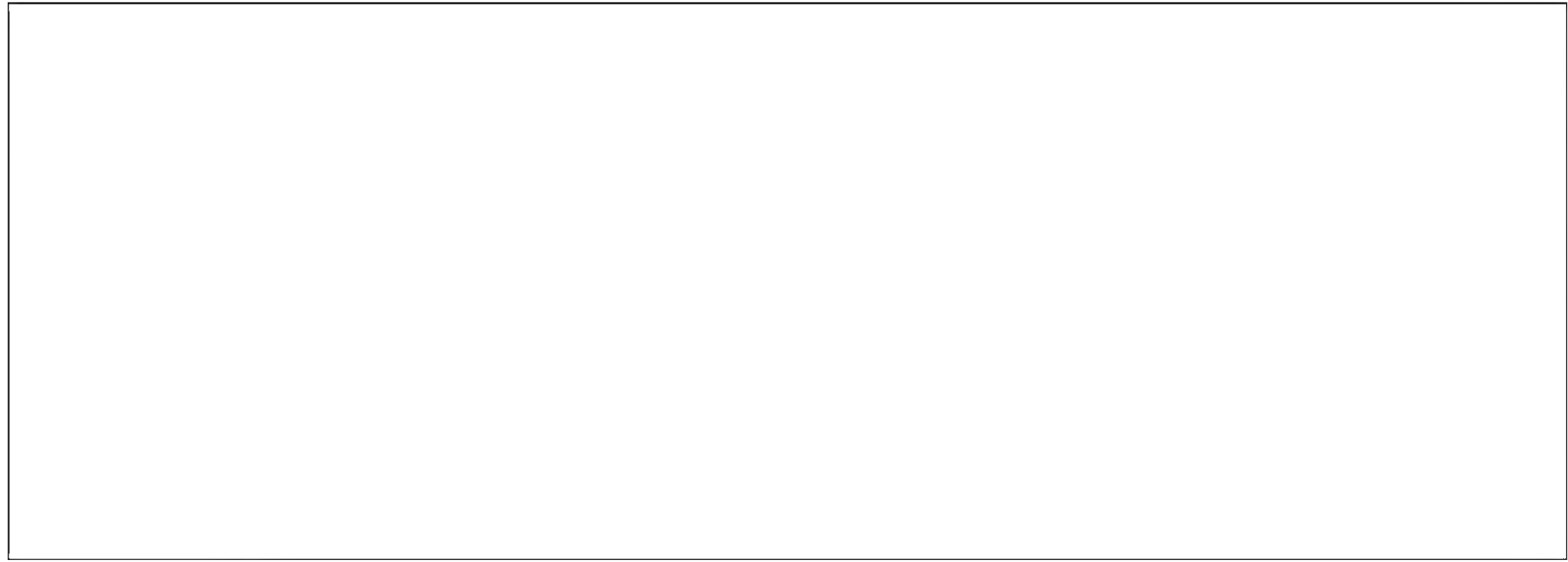
** In most instances the planned rate is the implied annual rate necessary to achieve the goals of the 1964-1965 plan.

(NA) Not Available

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7. Communist China



8. USSR

The Soviet economic report for 1964 indicates that growth rates in industry continue to lag. The announced 7.1 percent rise is the lowest for any year since World War II. Agricultural production rose only 12 percent from 1963's abnormal low, and grain production figures were omitted for the second straight year. (See chart.)

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ANNEX 1

The Kosygin Delegation to North Vietnam

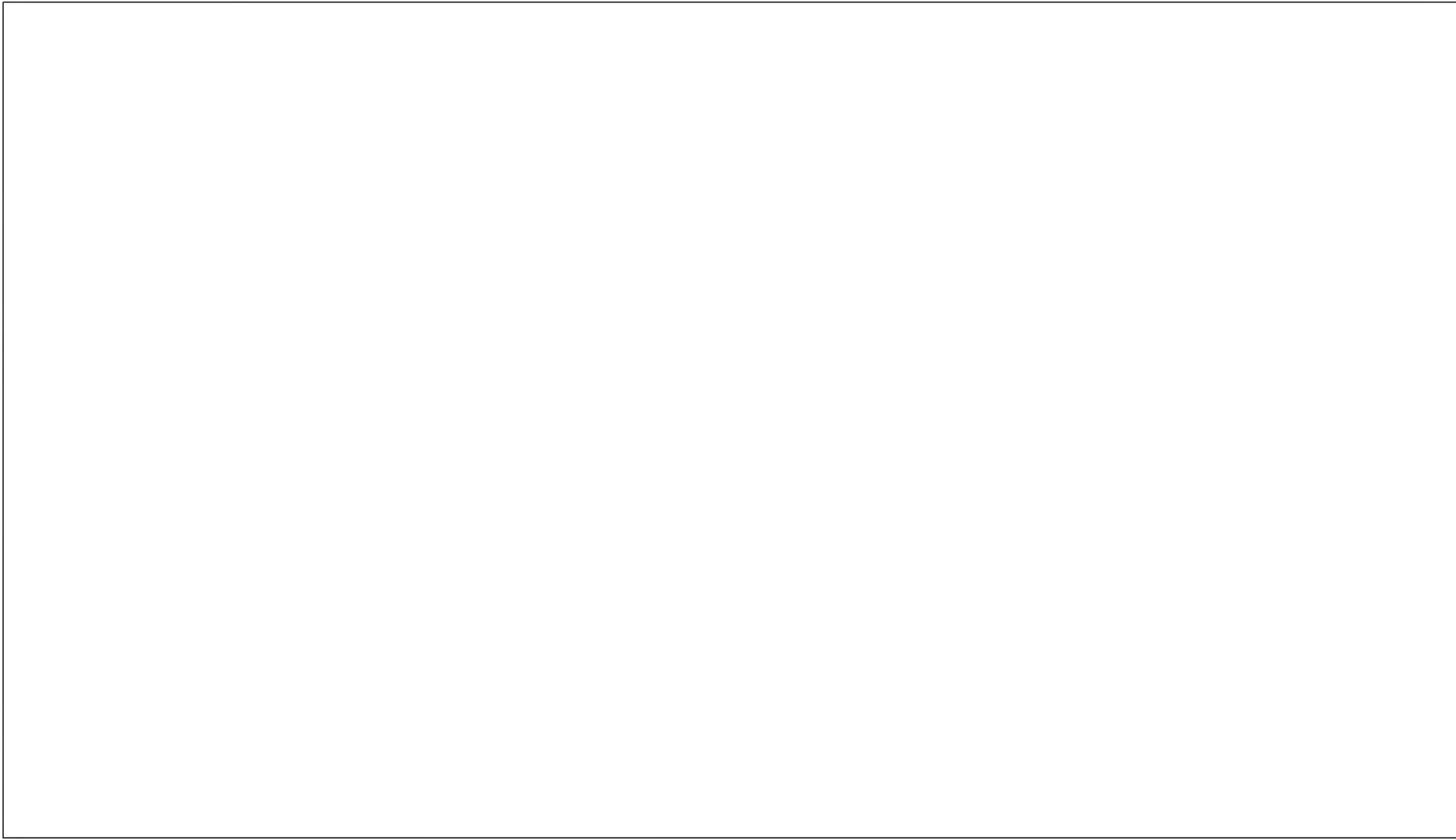
High-ranking military and economic officials are in the Kosygin delegation. New Soviet military aid may well include such defensive weapons as surface-to-air missiles, antiaircraft weapons, and naval torpedo and patrol craft, and possibly even advanced jet fighters. A Soviet economic aid mission is already in Hanoi to study implementation of existing economic aid agreements. Most aid under earlier programs is believed to have been utilized.

In exchange for this support, the Soviets probably will press for a greater voice in the formulation of Communist policy in South Vietnam and Laos. Kosygin probably will urge the North Vietnamese to avoid actions which might provoke US reprisals and lead to a dangerous military escalation. The Soviets may also discuss political initiatives designed to inhibit US freedom of action, such as exerting greater pressure toward reconvening the 14-nation conference on Laos.

The main lines of an agreement between Hanoi and Moscow on economic and military assistance may already have been worked out in advance. Following a visit by North Vietnamese Premier Pham Van Dong to Moscow last November, Hanoi began to mute its propaganda critical of Moscow policy, suggesting it had received new assurances of Soviet support.

In an apparent effort to lessen the impact of the Kosygin mission on the US, Pravda has for the first time warmly welcomed President Johnson's State of the Union remarks about US-Soviet relations. Pravda said that the President's statements concerning the expansion of Soviet-American contacts were favorably received in the USSR.

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